American Transmission Company

2008 Green Tier Report

Executive Summary

Since its inception in 2001, ATC has embraced an environmental leadership strategy that incorporates continual improvement processes for operational excellence. Being a Green Tier company is an important recognition of our commitment to environmental protection and enhancement – a corporate value. As an original member of the Green Tier program, our reasons for participating have not changed. We continue to value environmental excellence. The benefits of participation are not easily measured in a financial sense, but accrue to the larger environment and continue to strengthen ATC as a business. Many of these benefits are the result of investments in research, environmental species protection and enhancements, and community programs supported through the ATC Environmental Stewardship Fund. As we continue to protect and enhance environmental features associated with our work, the fund supports additional improvements to our overall environment. We take seriously our approach to ensure the environment is better because we're here.

In recognition of the importance of ATC's corporate responsibility, our 2008 Public Report[1] focuses on the three key features of a responsible, or sustainable, company – financial, social and environmental responsibilities. Our Green Tier report provides additional information about environmental performance toward meeting our Green Tier goals.

Environmental Performance

We set important goals for 2008, which have, for the most part, been met. Key goals that have been met include:

1) **Environmental Management System.** ATC's EMS, Fred, was evaluated by a third party auditor in 2008 for functional equivalency with ISO 14001. No deficiencies were found and two areas for improvement were identified.
2) **Minimizing impacts of construction, maintenance and operations.** We have identified and implemented a method of measuring and reporting on SF6 leakage. ATC's waste procedures have been reviewed and are being updated to improve their functionality. As part of our continual improvement, Environmental and Asset Management have worked together to develop processes related to environmental support of maintenance work. Reporting avian interactions with electric transmission facilities has been ongoing throughout 2008, with a continued focus on this area in 2009. We continue to provide

[1] ATC's 2008 Public Report can be found on the ATC web page at http://atcllc.com/documents/08_ATC_AnnualReport.pdf

environmental support on project teams with a focus on avoidance and preventing impacts through design and construction planning. Construction contractors are now a more integral part of the construction planning to avoid impacts. This approach has been successful for both cost control and gaining valuable input from construction contractors on improved means of protection and avoidance.

3) **Construction techniques that protect environmentally special areas that cannot be avoided.** We continue to review and improve ATC's construction practices based on lessons learned and to reflect changes in regulatory requirements. In 2008, we standardized erosion control methods to simplify field implementation.
4) **Minimize generation of waste and recycle.** We have instituted improved recycling at ATC offices and are working closely with construction contractors to improve reporting of waste generated. A key to this effort is related to our new headquarters building and construction-waste recycling. This is highlighted below. Another area of improvement is demonstrated through our construction projects. New electric transmission lines have been constructed to connect large wind projects to the electric grid. Further, reliability and efficiency improvements since 2001 have reduced losses, effectively avoiding the need for an additional 125 MW of generation at system peak and associated emissions. (More information below and in the ATC Public Report).
5) **Use native vegetation around ATC facilities.**
6) **Control and eliminate invasive species on fee-owned land.** Both of these are ongoing efforts in conjunction with our construction projects and as we manage rights of way. We continue to look for opportunities to use native vegetation at our facilities and control/eliminate invasive species. One example is the use of native vegetation at ATC's headquarters building, highlighted below.
7) **Continue to participate in the Karner Blue Butterfly Habitat Conservation Partnership.** ATC continues its active participation in this important partnership through both funding and staff participation.
8) **ATC Stewardship Fund.** Since the fund was established in early 2006, ATC has donated more than $1 million to activities supported by this fund. The fund has supported multi-year research and habitat enhancements, resulting in success stories. Ospreys, once threatened in Wisconsin, have now been de-listed by the state in part because of osprey nesting platforms installed and surveys supported by utility partners, including ATC. Another focus has been support for wood turtle habitat and population improvements. Kirtland's warbler has also seen a resurgence in Wisconsin due to habitat identification and protection. Finally, the fund has provided much-needed support of environmental education and community projects in Wisconsin.

ATC also has started internal Green Teams in each office. These teams are responsible for supporting Earth Day activities and providing opportunities for employee involvement in environmental education and other activities. ATC also

started a corporate social responsibility team. This group is defining sustainability for ATC and identifying areas for improvement designed to reduce ATC's environmental footprint. In the summary below, some of these areas are highlighted.

Energy and Climate Change

The more than $2 billion investment we have made in reliability and efficiency upgrades to the system since 2001 has contributed to energy savings and reduced carbon emissions. Energy savings are equivalent to that of a 125-megawatt generating plant. Over the life of these system improvements, the facilities will have avoided 15 million tons of carbon dioxide emissions.

Increased requirements for energy generated by renewable resources will likely require electric transmission grid expansion and improvement. In 2008, ATC connected nearly 350 megawatts of wind generation in Wisconsin. We are also working with the five-state Upper Midwest Transmission Development Initiative to facilitate siting transmission lines across multiple jurisdictions and allow improved import capabilities into Wisconsin.

For decades, utility companies have been finding creative uses for fly ash, a by-product of burning coal. These uses have grown to not only avoid landfilling but also to allow harvest of previously landfilled fly ash. On several transmission line projects, fly ash was used to replace a portion of the Portland cement that is traditionally used in structure foundations. This use of a recycled product has saved cost and reduced air emissions. Since the manufacturing process used to make Portland cement creates carbon dioxide, the use of fly ash avoids these emissions. More than three million pounds of carbon dioxide emissions have been avoided by using fly-ash on the Gardner Park-Central Wisconsin and Morgan-Werner West projects. On a smaller project in the Madison area, use of fly ash not only avoided emissions, it produced a better quality, higher-strength concrete and resulted in cost savings of more than $200 per structure.

Our Asset Management and Environmental Departments worked together to begin improved measuring and reporting of sulfur hexafluoride (SF6) emissions. SF6 is a potent greenhouse gas commonly used in electrical transmission and distribution equipment including circuit breakers and switchers. The gas may be released to the atmosphere when new equipment is filled and by leaking equipment nearing its end of life. Improvements to measuring and reporting SF6 leakage are the first step in controlling and reducing these greenhouse emissions.

New Headquarters

Our commitment to socially responsible business practices is evident in the design and construction of our new headquarters facility in Pewaukee, Wis. The new headquarters will combine staff from two existing offices into one building, reducing inter-office travel and automobile emissions. Construction of the 118,000 square-foot facility and 34,000 square-foot control center generated more than 350 tons of concrete, cardboard, waste, and office paper in 2008, of which 95-percent has been recycled. The office building is designed to meet the gold certification of the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) program. Some of the energy efficiency features include high-performance mechanical and electrical systems, a heat recovery system, exterior window shades and interior light shelves. On-site photovoltaics will generate about 12 percent of the energy used in the office. A reflective roof membrane, along with a vegetative tray system, will provide insulation and reduce the building heat "island" effect. The vegetative tray system also will reduce water run-off from the roof, helping to manage water on the site.

The landscape design includes a number of environmentally and employee-friendly design elements. Our goal was to retain and use all rain and runoff on site using infiltration basins, rain gardens and a large pond. Native prairie plantings have been incorporated throughout the site with walking paths and employee seating within the gardens, allowing employees access to enjoy the garden areas. Additionally, the new site layout provides select pervious paving areas, bike racks to encourage biking to work, and a designated parking area for carpools and hybrid vehicles.

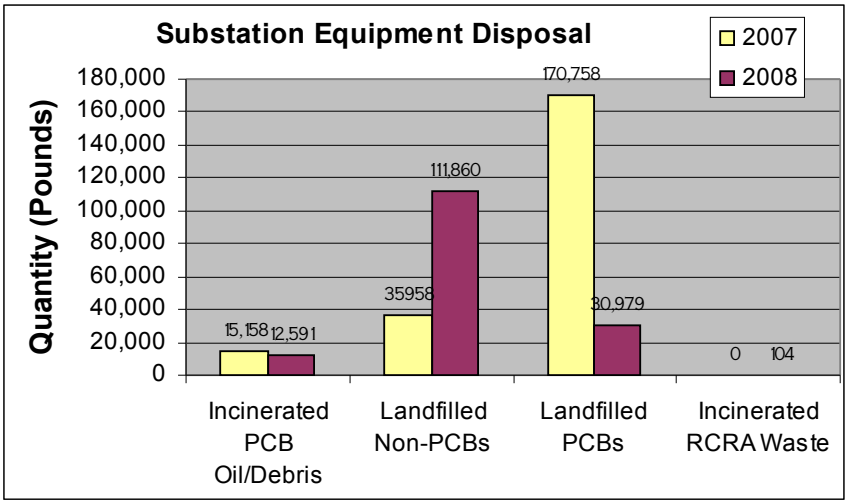
Supply Chain

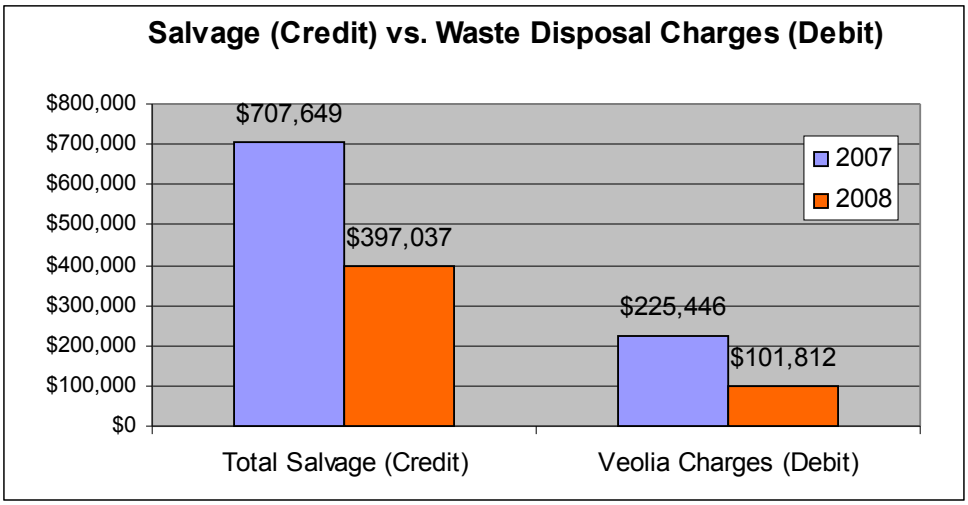
ATC makes every effort to purchase goods and materials from suppliers who also have a strong environmental ethic. A survey of our major suppliers in 2008 showed that all have a corporate recycling program. Nearly 90 percent use recycled products and have a formal corporate environmental awareness policy. Eighty percent use an environmentally responsible equipment disposal program, and half have policies for the purchase of Energy Star products and have codified an environmental metric reporting program.

Our environmental business practices extend across the organization to broaden our impact. Our Facilities Department recycled more than 90,000 pounds of

office paper in 2008 – the equivalent of nearly 1,200 trees. Our Information Technology Department is using a program created by the Green Electronics Council to evaluate electronics purchases not only for performance, but also for energy consumption. We estimate that new devices purchased in 2008 have reduced energy consumption by more than 50 percent. The department also has selected a disposal vendor for IT assets that assures data security while offering cost-effective, proper disposal. In 2008, more than 18,000 pounds of e-waste was disposed of by the vendor.

With the participation of various functional areas, ATC's Environmental Department is leading the review and update of corporate waste procedures. The waste program will cover a wide range of waste streams and provide broader corporate guidance on appropriate waste handling, reduction and reuse opportunities. In 2008, individual waste practices were drafted. In 2009, we look forward to completing the practices under the umbrella of an overall waste process. Key to implementing the waste process is a system that will support corporate tracking of disposal and recycling, allowing ATC to improve its information about income associated with recycling as well as set improved goals and targets.





Environmental Practices for Construction Projects

In 2008, ATC continued to improve its practices and procedures related to environmental protection on construction projects. In all, four of ATC's fifteen existing construction practices were revised as a result of contractor feedback, including construction in and around wetlands, construction in upland areas, waterway crossings related to construction, and handling of environmental construction waste. In addition, the development of several new construction practices, including dewatering and agricultural protection, began in 2008, with the expectation for completion and implementation in 2009.

Environmental Stewardship Fund

The ATC Environmental Stewardship Fund was created to protect and enhance natural resources in Wisconsin, recognizing that ATC can impact resources even when in compliance with regulatory standards and requirements. The Fund is a mechanism to go beyond compliance and is linked to ATC's Green Tier participation. The Stewardship Fund agreement with Natural Resources Foundation was signed by NRF and ATC in December 2005, with funding

beginning in 2006. The Fund provides $300,000 annually to NRF for distribution to targeted resource areas as long as ATC remains in the Wisconsin Green Tier program, and has now surpassed $1,000,000. The Fund targets the following areas:

Resource program area	Projects supported in 2008
Habitat protection and restoration, State Natural Area focus	Core support for central and regional SNA management
Endangered Species, with special focus on Karner blue butterfly, turtle protection, partnerships to protect other species and associated habitats, conservation projects	wood turtle surveys (3rd year), KBB statistician to support recovery goals
Education and Outreach	Outdoor Expo, Friends of MacKenzie, Great Wisconsin Birding and Nature Trail
Community based conservation, including support for Besadny grants and specific NGO Endowment Funds	Navarino Nature Center, WDNR landowner incentive program for private lands support
Discretionary	Kirtland's warbler (2nd year surveys), citizen monitoring program for bats, KBB field surveys

Stakeholder Involvement

In efforts to raise awareness of our environmental commitment, ATC's Environmental Department has developed a number of environmental training programs that are utilized throughout the company. These programs include general environmental training for all employees, specific issue training for specific job functions, general environmental construction practice training for contractors, and project-related trainings that are conducted and tailored for specific work or projects prior to the start of construction. We also have worked closely with construction contractors to provide general environmental training to their employees on an annual basis, supplementing this annual training with project-specific training as needed. This approach has improved efficiency by decreasing the number of trainings and time allotted to training without noticeable impacts on implementation or awareness.

In 2008, 72 employees received the biennial general environmental training, 21 received wetland training, 23 received spills-awareness training, and 92 received waste disposal training. In addition, 2,178 contractors received site-specific environmental construction training.

ATC's external web site provides information related to our environmental policies including FRED, our Environmental Management System, partnerships and stewardship, and our involvement in Green Tier. In 2008, discussions began on ways we can improve the web site's environmental pages to provide additional information and more details on our environmental commitment.

Our desire to increase the environmental awareness of our staff, contractors, and the general public has led to the implementation of several programs intended to get people actively involved in conservation. In 2008, we continued to sponsor Conservation Weekend at the Milwaukee County Zoo, a program that reaches more than 10,000 people annually. In November, we celebrated America Recycles Day with a week's worth of activities including a sneaker recycling drive, informational sessions, trivia contests, and eco-friendly prizes. To kick off this celebration, all ATC offices converted to environmentally safe, corn-based biodegradable kitchenware including cups, spoons, and forks, as well as recycled content napkins, plates and bowls.

2009 Goals

2008 proved to be another fast-paced year, complete with two Environmental Department staff changes. We look forward to another year focused on construction, vegetation management, process improvements and a renewed focus on strategic initiatives.

Several key goals that support ATC's Green Tier commitments include:

- Working with various internal departments to revise ATC waste practices.
- Reporting SF6 emissions and identifying methods of reducing leakage to the atmosphere.
- Continue to support environmental protection and enhancement through construction and asset management project teams.
- Ensure the sustainability team continues to focus on improvements toward reducing ATC's environmental footprint. These include developing more

active Green Teams, a supply chain goal targeting recycling and waste reduction of contractors, and an IT goal of employee electronic waste recycling.

- Work with Wisconsin DNR to identify and evaluate opportunities for Green Tier 2 participation.

DNR Relationship

ATC has worked jointly with the DNR to improve understanding of responsibilities and needs toward a goal of improving our working relationship. The single point of contact concept has worked well for ATC. Dave Siebert, ATC's single point of contact, works closely with ATC to ensure two-way understanding of our sometimes conflicting requirements and helps ATC navigate within DNR. We have improved communication toward a goal of no surprises. A substantial benefit to ATC is the knowledge within the department of our participation. This has helped to jump-start conversations related to accomplishing goals based on a common understanding of ATC's approach to compliance. This has also helped to build trust among individuals working together.

The Green Tier program can be improved through continued awareness of the program among DNR staff, and understanding the benefits of working with companies toward identifying and reaching common goals. This can be accomplished by building common understanding and appreciation for business needs as well as resource needs, flexibility and a customer focus.